

2005 Executive Proposed Budget

September 21, 2004

Board of Supervisors
Waukesha County Courthouse
515 West Moreland Boulevard
Waukesha, Wisconsin 53188

Honorable County Board Members:

Enclosed for your review is the 2005 Waukesha County Executive budget, which I am pleased to announce continues our legacy of excellent fiscal health. This status has been achieved over the past few difficult years by your exemplary budgetary management. While other governments have struggled with financial and ethical lapses, Waukesha County stands out as the best of the best.

This year's budget theme is "Preparing for the Future". It accurately reflects our fundamental understanding that we are all just temporary stewards of the public trust and that we need to assemble budget directives with one eye on today and one on tomorrow. This can be accomplished most effectively by preserving essential services through new methods of consolidation and restructuring delivery models.

In order to identify these essential services, my administration has actively embraced strategic planning efforts to focus on our long-term priorities. Through this process, four strategic directives have been identified to help shape our business practices, which include: Managing Resources with Fiscal Prudence, Comprehensive Customer Service, Innovation and Continuous Quality Improvement; and Retain and Develop a High Quality Workforce. Please understand that this strategic planning initiative has created the foundation for an Executive budget that most importantly retains the County's fiscal integrity and serves our citizens best in the long run.

I am proud to tell that this budget addresses the County's core service priorities while reducing the property tax rate for the 15th consecutive year. As proposed in this document, the County property tax rate will drop by \$0.10 to \$2.11 per \$1,000 in equalized value. This equates to an effective tax rate reduction of \$1.22 from \$3.33 per \$1,000 of property value since 1990, which is nearly 37%. Together, our commitment to fiscal responsibility is a key value in maintaining Waukesha County's exceptionally high quality of life.

As you craft the County's final budget plan, there will be many challenges. This includes impacts from increasing health care costs, nothing but bad news from state government, and the growing demands from many sectors. However, it is important to remain focused on the core values of County government during these tough economic times. Please know that the Executive budget most importantly retains the County's fiscal integrity and serves our citizens best in the long run. I urge you to examine this document by taking the necessary time to understand its vital elements and vote for it in its entirety.

It is an honor to submit this proposed budget to you for your thorough review and consideration. It continues the County's tradition of best budgeting practices with efforts that prepare us for the future.

IMPACT ON HOMEOWNERS

The tax bill impact on County residential taxpayers, based on an average home value of \$235,300 (2000 U.S. Census Bureau value of \$182,900 adjusted annually for residential market inflation) will result in an average County tax increase of about 2.8%. The best measure of tax performance is over the long term. Waukesha County property taxes have averaged about 1 ¼% increase per year for the past ten years, which is less than the rate of inflation. This is based on the average value of a Waukesha County house of \$152,945 in 1995 to \$235,300 in 2004. The County tax on that same house was \$442 in 1995, and the tax based on the proposed budget would be \$497 in 2004 (for 2005 budget purposes).

LIMITING SPENDING AND TAXES

This growing County continues to meet the difficult challenge of limiting spending and tax increases by making tough priority choices and focusing on our core values. We always consider the property taxpayer's ability to pay for quality government services in Waukesha County, as we continue to have the lowest County tax rate in the state for counties that have not implemented a county sales tax. Even with those counties that have implemented a county sales tax, we still remain 70th out of 72 agencies.

The 2004 County property tax (General and Federated Library tax), excluding new shared services like the Communications Center and the Countywide Hazardous Materials Response Contract, totals \$84,083,624 (for 2005 budget purposes). It represents an increase of \$1,900,919 or 2.31% from the comparable 2004 tax levy. This tax levy increase is within the State Legislature's proposed tax freeze, which, if adopted, would have limited the county's tax levy increase to the current year's tax base growth in new construction property valuation at 2.36% for 2004 and exempts new shared services.

The shared services exemption includes the Phase II full year impact of the new, shared Communications Center dispatch operations, which requires additional tax levy funding of \$1,298,633, and \$140,000 for the new hazardous materials response contract. This adds an additional 1.8% to the 2004 general tax levy.

The special Federated Library System County tax is budgeted at \$2,741,386, a decrease of \$27,801 or 1.0%. For the 2005 budget (2004 taxes), the proposed special Library tax rate is about \$0.24 per \$1,000 of property value in communities without libraries.

Budget expenditure appropriations in 2005 total \$254,198,532, which consists of capital project spending of \$29,727,500 and operating expenditures of 224,471,032. The operating expenditure increase of \$15.76 million is mainly due to a transfer of State Health and Family Service program responsibilities and related funding of nearly \$11.0; a \$1.6 million partial year impact for the planned opening of the 278 bed jail addition; and \$1.1 million of additional expenditures for the first full year of the Communications Center. These major items, when taken together, have made this year's budget more challenging than in past years.

Without these major impact factors, the on-going operating expenditure appropriation increases (excluding Capital project expenditures) for the cost to continue maintaining most essential base services levels is about \$2.3 million or approximately 1% with a tax levy increase of \$1.18 million. Even after absorbing a 6% increase in health insurance costs, and a 5% increase in Wisconsin retirement pension contributions.

STATE BUDGET RAMIFICATIONS

The State budget remains in a fiscal deficit, which puts a heavy burden on local governments in Wisconsin to deal with more transfers of state program responsibilities, especially when State revenues have been

frozen and/or continue to decline. State unfunded mandates continue to grow, which now requires about 39% of the County's local property tax to funding or \$ 33.2 million. This devastating transfer has gone up 12% since 1997.

With legislation enacted, the State budget has provided no increase to locals for the Basic County Allocation (BCA) that provides us with an \$11.4 million revenue base for major Human Services mandates since 1996. This lack of increase in the BCA to fund mandated services is a significant driver that increases our local Health and Human Services levy need by over an additional \$600,000.

Certain non-core, non-mandated Human Services programs and service costs are being reduced in this budget due to fiscal pressures in mandated programs areas. These reductions include the following:

- Decreasing a full time social worker position to part-time results in about 1,000 less hours of intake and assessment services, which will decrease prevention and early intervention assessment activities during high referral periods. The estimated levy savings of \$32,500 is shifted to other human service mandate areas.
- Decreasing budgeted prescription drug expenditures of \$87,000 for psychotropic medications dispensed to individuals with mental illness who do not have ability to pay, which is the result of current effective drug cost containment methods (such as fast track Medical assistance/Social Security Income application assistance, use of free samples, etc.).
- Decreasing structured activities contracted for \$30,000 at the Juvenile Center for troubled youth, which under this plan will be replaced by existing staff when possible.
- A \$10,000 or about a 26% reduction in the ARCh contract for recreational/social program funding for developmentally disabled clients.

This State trend is further realized with the State Circuit Court Support Grant funding allocation freeze since 2000, while the costs to support the courts have dramatically increased. The County will need to levy \$105,000 of additional property taxes to support State Circuit Courts for 2005 in spite of efficiencies and budget actions taken.

JAIL ADDITION TO OPEN

A vital factor in controlling spending and taxes is to keep a firm handle on position growth. This budget does that by eliminating some non-essential positions, and only creates the necessary positions to staff and maintain the Justice Center's jail addition.

The planned facility expansion includes a new 278-bed jail that is expected to open in October 2005, with partial year funding combined (Sheriff and Public Works) of over \$1.6 million of new operating expenditures and the tax levy funding need of \$1.2 million.

The Sheriff's department budget includes the major portion of the jail operating cost impact estimated at \$1,277,800 with tax levy funding of \$885,900, which mainly results from mid-year funding for 20 additional Correctional Officer positions (17 to be newly created and 3 previously authorized but unfunded in the 2004 budget). Also, two Correctional Supervisor positions are being added, and 4.5 FTE Clerk Typist II positions are requested for administrative support. The Sheriff anticipates higher medical service and meal costs due to higher jail inmate population and one-time furniture and equipment costs.

Public Works building operations for maintenance and housekeeping of the jail addition adds \$316,000 of additional tax levy need for three Maintenance Mechanics and one Building Service Worker I positions. Also, jail-related utility costs are expected to be higher, along with more maintenance and housekeeping supplies.

In order to slow the growth of the jail inmate population, one of the Criminal Justice Collaboration Council's main goals is to reduce inmate recidivism. It has a budget request for 2005 totaling \$459,000 and property tax levy support of almost \$441,000, an increase of \$50,000 over the 2004 base budget

level. This includes \$50,000 of new tax levy dollars to develop new programs that are aimed at controlling or reducing jail inmate population growth and avoiding higher future costs. A planned second addition to the County jail was deferred from the final year of the capital plan last year with the expectation of program results in the next several years.

NEW DEPARTMENT OF EMERGENCY PREPAREDNESS

As we prepare for the future, this budget recognizes that in the post 9/11 world, homeland security and emergency preparedness are critical in providing our residents with the best public safety possible. It combines current County programs and their employees that deal with emergency planning and response under a new department called Emergency Preparedness with budget appropriations totaling almost \$5.6 million and tax levy support of \$3.7 million. This newly formed Department will become effective in July 2005 and combines the existing Communications Center (dispatch operations), Emergency Management Division, and Radio Services Operations. Existing positions are being transferred into this Department and no additional positions will be created. This combination will allow the Department of Emergency Preparedness to be managed with one common mission under a more appropriate alignment of program services to better utilize resources in a more efficient and effective manner.

INFRASTRUCTURE INVESTMENTS

During tough governmental budgeting times that appropriately focus on limiting tax growth, the County leads the way in preparing for the future with a comprehensive capital plan that addresses critical infrastructure needs while continuing to effectively manage debt financing to protect our valued Aaa/AAA Bond rating.

The Capital Projects plan for 2005-2009 continues its emphasis on the County Trunk Highway System (C.T.H.) and Justice & Public Safety projects. C.T.H. projects total nearly \$67.0 million and comprise over 60% of the project plan expenditures. Justice and Public Safety capital expenditures are planned at almost \$28.5 million, which is 26% of the project plan. These two areas total \$95.5 million or more than 86% of capital plan expenditures. Parks and Land Use projects are planned at \$8.0 million and make up 7.3% of the capital plan. The 5-year Capital Project plan reduces expenditures by 5% from last year's plan of \$116 million, which is reduced to \$110 million.

Capital Project budget expenditures for the first year of the plan total \$29.7 million. This increase of \$1.4 million from the 2004 budget is funded by almost \$1.2 million of new federal grant revenues available for specific projects. This capital budget maintains our fiscal integrity as part of a balanced capital plan. We continue to fund the capital budget with a 24.4% tax levy down payment, and we plan to borrow \$1.6 million less than was previously in the 5-year plan.

The 2005 Capital Projects budget highlights include the following:

- Continued funding in 2005 for 22 existing projects totaling nearly \$24.6 million or nearly 89% of the proposed capital budget. This mainly includes \$14.4 million for building construction projects, of which \$11.5 million is for final construction funding of the Justice Center expansion project and \$2.8 million for building projects at the UW-Waukesha campus. Also, approximately \$8.3 million is for C.T.H. projects, with \$5.2 million for first phase of the 3.3-mile multi-lane reconstruction of C.T.H. Q, (Colgate to State Trunk Highway 175). In addition, C.T.H. repaving, culvert replacement programs and signal/safety improvements are funded at nearly \$3.0 million. Several existing Information Systems Division technology infrastructure projects include appropriations totaling \$1.25 million.
- The 2005 budget also includes funding for five new projects totaling over \$1.4 million, which includes \$800,000 for Land Information Systems Division Ortho-photography; \$465,000 for Exposition Center facilities compliance and major maintenance projects; \$135,000 for a new

overhead crane at the Central Fleet Maintenance shop; and nominal amounts to design maintenance building replacements at Muskego and Naga-Waukee Parks.

PROJECT FUNDING AND DEBT MANAGEMENT

- The 2005 Capital projects budget is funded with revenues totaling \$4,035,000, which is an increase of \$1.4 million from the 2004 budget. These revenues mainly consist of Transportation-related funding from a combination of federal, state and local sources of \$2.045 million, and an estimated \$800,000 from the State payment for the technology/computer equipment exemption from the personal property tax base. In addition, grant funding totaling \$1.19 million is expected mainly from Federal Homeland Security grant funding sources.
- Fund balance appropriations total \$5,855,000, including \$3.0 million of general fund balance, \$1.25 million of reserved Capital project fund balance and \$805,000 Proprietary fund balance for related capital projects for various Internal Service fund projects. Land Information Systems reserved fund balance of \$800,000 is used as one time funding from prior years land recording fee revenues to fund the Ortho-photography project.
- In addition, other major project funding includes debt borrowing of \$14.4 million, investment income on the borrowed funds of \$600,000 and a tax levy down payment of \$4,837,500. The tax levy amount budgeted for capital projects increases \$84,168 from the 2004 budget amount and funds 24.4% of net expenditures (after revenues and fund balances are applied).
- The 2005 Debt Service budget decreases tax levy by \$548,937, which is primarily due to the early redemption of the entire \$4.8 million remaining balance of the 1997 promissory notes. The Debt Service budget proposed for 2005 continues to be well within compliance of the State's imposed levy rate constraints on counties. The Debt Service expenditure to total governmental operating expenditure ratio is expected to decline below 7%, which is well below the County's performance measure of less than 10%. This budget continues prudent debt management and capital budgeting policies and practices to maintain the County's coveted Aaa/AAA bond ratings. These ratings continue to help lower the County's borrowing costs for taxpayers.

ACKNOWLEDGEMENTS

The proposed 2005 budget provides a solid foundation to build on the budget theme "Preparing for the Future" and allows the County to meet challenges that are ahead. We will continue to lead the way with strategic decision-making process by utilizing strong financial management principles to strive for sound long term solutions rather than taking a "making it through the year" approach. This philosophy will continue to allow us to make necessary investments today that will pay off in the future. With the County Board's continued support in these efforts, Waukesha County is a leader in limiting tax growth and controlling spending while achieving outstanding results.

Department administrators and staff are to be commended for their fine efforts in developing this most challenging budget. We look forward to working with the County Board of Supervisors during their thorough review process.

Daniel M. Finley, County Executive

Keith K. Swartz, Budget Manager

Norman A. Cummings, Director of Administration

READER'S GUIDE

Introduction

The adopted budget document contains a wealth of information about many aspects of Waukesha County Government. To make this budget book easier to use and read, this **Reader's Guide** and the **Quick Reference Guide** on the next page have been developed. In addition, the following resources are available to the reader for locating information: **Tables of Contents, Listing of Graphs and Tables, Glossary** and **Index**. Finally, the **Transmittal Letter** and the **Budget Message** should assist the reader with understanding many of the key issues within the Waukesha County Budget.

Document Organization

The County's annual budget book is divided into the following sections: Introduction, Strategic Planning and Budget Policies, Summary, Operational (divided into **functional areas**), Capital and Debt Service budgets and a Statistics and Trends Section.

The **Introduction** includes the County Demographics, an Executive's message and/or Transmittal letter.

The **Summary** includes summarizations of the Operating and Capital budgets; Budget Assumptions; Annual County budget major expenditures, revenue and tax levy highlights which affect the budget; summary of Positions Budgeted; Criteria for New Positions; County Organization Chart; Fund Descriptions; Fund Balance Projections; and Functional Area and Appropriation Unit Summaries.

The **Strategic Planning and Budget Policies** section includes the County's Mission Statement/Strategic Directives; County Planning Process; Financial Management Policies; Capital and Operating budget process; Budget Amendment process and Financial Structure of the County.

The **Operating, Capital and Debt Service budgets** are presented within the functional areas, with a summary section included at the beginning of each area. These functional areas include:

Justice and Public Safety -	Court system, correctional operations, public safety.
Health & Human Services	- Services to improve quality of life and self-sufficiency.
Parks, Envir, Educ & Land Use	- Recreational, educational, environmental and land use activities.
Public Works & Airport	- Road planning, design & maintenance, county-wide fleet maintenance, airport, mass transit, and facilities maintenance.
General Administration	- County governmental functions and administrative support.
Non-Departmental	- County-wide items not within direct control of specific agencies and End User Technology Internal service fund.
Capital Projects	- Major acquisition, construction or infrastructure improvements with long-term financing requirements.
Debt Service	- Principal and interest payments on long-term general obligation debt.

Each agency is introduced by a gold colored page. Other colored pages signify a **fund type**. Fund types are defined in the Glossary of Significant Terms and explained in the fund Structure and Fund Description pages of the Summary section. The color-coding scheme is designed as follows:

White - General & Special Revenue funds, Statistics and Trend Sections
 Ivory - Special Purpose (Capital, Debt Service & Contingency) funds
 Blue - Internal Service funds
 Peach - Enterprise funds

The agency operational budgets are intended to highlight key policy issues of the agency by presenting summarized expenditures, revenues, tax levy, budgeted positions and major programs. In addition, the budget book document explains the purpose, objectives, achievements, performance measures, Budget Highlights by Program and activity data of the agency.

READER'S GUIDE

Agency Budget Sections

Agency Mission/Summary - This section includes the mission statement, summary of the agency's expenditures, revenues and tax levy required, by fund, for prior year actual, current year adopted budget and estimated budget year and ensuing year budget request. This section includes the absolute dollar and percentage change, by appropriation unit, from the current year adopted budget to the ensuing year budget request. Also included is a budgeted position summary of all full time and part-time budgeted positions for a department and use of overtime and extra help stated in full time equivalents (FTEs).

Multi-fund agencies will also complete a Mission/Summary page summarizing information for all funds. For each separate fund, a **Fund Purpose** statement will be used in place of the mission statement on the Agency Mission/Summary page.

Prioritized Departmental Objectives - This section identifies the rank order of department strategic objectives anticipated to be accomplished in the ensuing budget year. Department objectives are categorized by County's four Strategic Directive as outlined in the County Mission Statement; 1-Manage with Fiscal Prudence, 2-Provide Comprehensive Customer Service, 3-Innovation and Continuous Quality Improvement and 4-Retain and Develop a High Quality Workforce.

Departmental strategic objectives are consistent with the County Strategic Directives, measurable/observable and reference the individual department strategic plans citing critical issue and goal. Objectives also include a timeframe to accomplish and are accountable to a specific division or program.

Strategic Achievements - This section summarizes the major strategic accomplishments of the department during the previous or current budget year.

Current and Proposed Capital Projects - This section provides a listing of open and planned capital projects that impact the department's operation. It includes project number, name, expected completion year, total project cost and estimated percent completed at year end. The estimated operating impact is also identified with a cross reference to the project summary information.

Budgeted Positions Summary - This section summarizes personnel information (detailed listing of funded position are included in the Statistics and Trend Section). This section also includes changes in the number of positions for the adopted budget to ensuing year request with an explanation of the changes.

Appropriation Unit - One or more expenditure accounts grouped by purpose, including as follows:

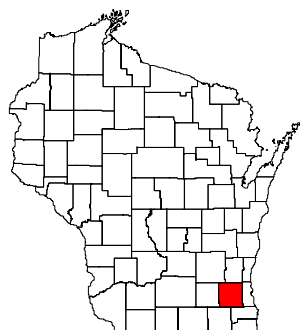
1. **Personnel Costs** - Costs of all salary and non-salary compensation incurred in accordance with County policy. Includes wages, longevity, temporary extra help and overtime compensation paid to county employees. This also includes compensation for sick leave, holiday, vacation and education leaves. Major employee benefits include County pension and social security contributions, health, life and disability insurance.
2. **Operating Expenses** - Costs of all utilities, supplies, travel, and tuition expenses necessary for the operation of a department. Also includes costs of all services purchased from outside vendors.
3. **Interdepartmental Charges** - Costs of all supplies, materials, or services purchased by one county department from another county department (mainly Internal Service funds).
4. **Fixed Assets/Improvements** - Costs of all equipment items (more than \$5,000) used by agencies. This category includes capital outlay, small office equipment items, large automotive equipment items, and major grounds and building maintenance projects, but excludes capital projects as defined by County Code and indicated below.

Programs - In this section, a program is defined as a major activity or expenditure area that a department budgets and accounts for in its operations. This section identifies performance measures, prior year actual, current year adopted budget, current year estimate, ensuing year budget request and the change in budgeted dollars from current to ensuing year by program. Program budget highlights include major expenditure and revenue changes, along with budget year program changes, initiatives and key agency budget issues specific to the ensuing budget year, new position and significant position changes are also described.

The **Statistics/Trends** section includes general County data such as population and equalized value; five to ten year data trends of expenditures, revenues and debt service; and comparative property tax rates.

WAUKESHA COUNTY, WISCONSIN • DEMOGRAPHICS

Waukesha County is located in southeastern Wisconsin, directly west of Milwaukee County and 100 miles northwest of Chicago. Waukesha County is part of the Milwaukee Standard Metropolitan Statistical Area (SMSA). The County has the second highest equalized property tax base and per capita income and is the third most populous county in the State. The County covers 576 square miles and consists of 8 cities, 18 villages and 12 towns.



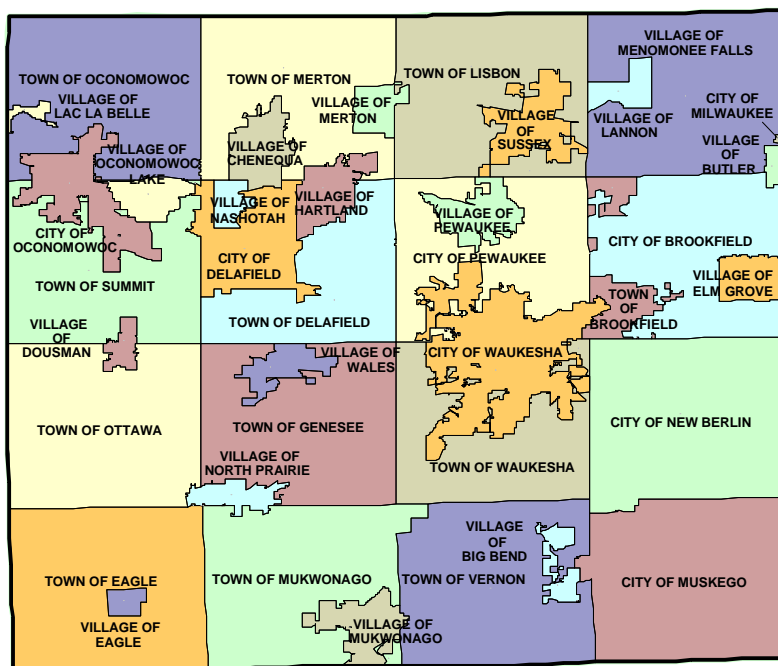
County Population

As of 1/1/2004 373,339

Equalized Property Values

Including TID \$40,939,573,700

Excluding TID \$40,244,065,050



	<u>Waukesha County</u>	<u>State of Wisconsin</u>	<u>United States</u>
2002 Per Capita Income	\$N/A	\$29,923	\$30,941
2001 Per Capita Income	\$41,337	\$29,270	\$30,472
	<u>Waukesha County</u>	<u>State Hwy (In County)</u>	<u>Local</u>
Miles of Roads/Streets	398	250	2,270

See STATS/TRENDS Section for more information on Waukesha County, including data on population, income, employment, equalized value and comparative property tax rates.

BRIEF WAUKESHA COUNTY HISTORY

- In April of 1846 Waukesha County was formed with sixteen townships. Supervisors representing each of the sixteen towns were elected to organize a county board, elect officers and to provide for and build necessary county buildings.
- In 1965, the Wisconsin State Supreme Court ruled that county boards must equitably represent the population, and the Waukesha County Board switched to supervisory districts that represented an equal number of citizens, rather than the units system used previously.
- In April of 1990, a new form of county government was established. The first county executive was elected by the voters of Waukesha County to be responsible for the administrative functions of county government. The county board reorganized to better reflect this new form of governing. The county executive also has the ability to veto actions of the county board, and to appoint members to advisory boards and commissions.